

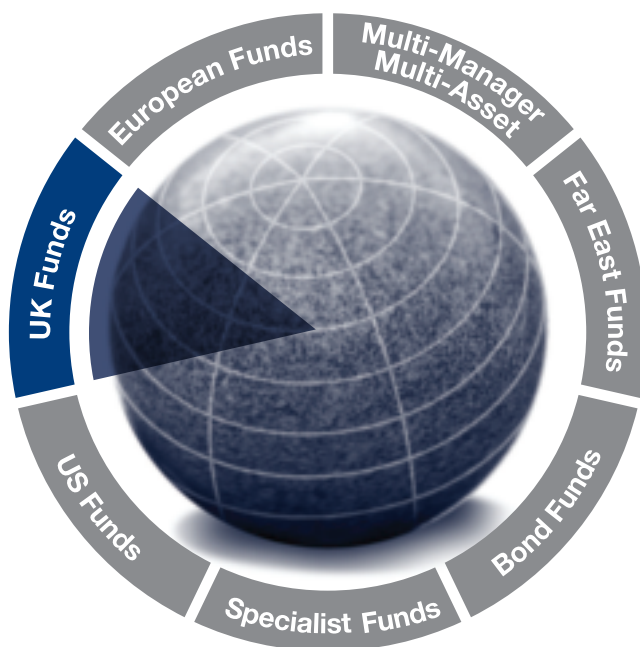
**Schroder**

# UK Smaller Companies Fund

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## Interim Short Report

1 June 2012 to 30 November 2012



**Schroders**

# Schroder UK Smaller Companies Fund

## Review of Investment Activities

**From 31 May 2012 to 30 November 2012 the price of A Accumulation units on a selling price to selling price basis rose 13.53%. In comparison, the FTSE Small Cap ex Investment Trust Index and the FTSE All Share Index generated total returns of 16.47%<sup>1</sup> and 12.82%<sup>1</sup> respectively.**

**<sup>1</sup> Source: Thomson Reuters Datastream.**

The fund delivered a strong absolute performance in the period under review, although it lagged behind the benchmark. This underperformance is largely a reflection of stocks in the index that we do not own in the fund performing strongly. Keller and Supergroup fall into this category. Both were much larger companies that fell down into the smaller companies index when they were oversold, and have subsequently rebounded. Of the fund's holdings, there were a number of companies that performed well earlier in the year, but did not keep pace with the robust rally in smaller companies over this six month period. On the upside, aviation and distribution business Dart Group gained strongly and technology firm Pace continued to perform well as the new management team made further progress in improving cash generation, cutting costs and reducing debt.

We sold out of our positions in Aurelian Oil & Gas, Kewill and Mouchel Group, and initiated new positions in Cape, Hill & Smith Holdings and Lamprell. The economic backdrop is unlikely to change significantly in 2013: we expect ongoing pressure on the UK consumer and government spending. However, many UK companies with specific expertise continue to benefit from growth in the developing world, while specific growth areas in the UK are very attractive. Our focus remains on companies that generate attractive returns on capital, have good long term prospects and opportunities to improve profitability.



**Co-Fund Managers:**  
**Andrew Brough**  
**Rosemary Banyard**

# Fund Information

	Interim	Final
Accounting dates	30 November	31 May
Revenue allocation date		31 July

Ongoing charges figure	For the period to 30.11.12	For the year to 31.5.12
A Income units	1.66% <sup>1</sup>	1.67%
A Accumulation units	1.66% <sup>1</sup>	1.67%
Z Income units	0.91% <sup>1</sup>	0.87% <sup>1</sup>
Z Accumulation units	0.91% <sup>1</sup>	0.87% <sup>1</sup>

<sup>1</sup> The Ongoing charges figure is annualised based on the fees suffered during the accounting period.

# Performance Record

Fund performance	Net Asset Value as at 30.11.12 pence per unit	Net Asset Value as at 31.5.12 pence per unit	Net Asset Value % change
A Income units	1,318.84	1,155.73	14.11
A Accumulation units	1,740.03	1,525.02	14.10
Z Income units	59.94	51.66	16.03
Z Accumulation units	59.19	51.66	14.58

	3 months	6 months	5 years
<b>Schroder UK Smaller Companies Fund</b>	5.04%	13.53%	24.21%
FTSE Small Cap ex Investment Trust Index	5.48%	16.47%	2.09%
FTSE All Share Index	3.92%	12.82%	12.38%

Fund Source: A Accumulation units on a selling price to selling price basis to 30.11.12.

Indices Source: Thomson Reuters Datastream, total return to 30.11.12.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.

## Performance Record (continued)

<b>Distribution</b>	A Income units	A Accumulation units
Year to 31 December	pence per unit	pence per unit
2007	2.7951	3.5376
2008	4.8031	6.0913
2009	10.5198	13.4032
2010	7.8369	10.0665
2011	7.6543	9.5525
2012 to 30 November	9.7586	12.6830

	Z Income units	Z Accumulation units
Year to 31 December	pence per unit	pence per unit
2007	–	–
2008	–	–
2009	–	–
2010	–	–
2011	Nil	Nil
2012 to 30 November	Nil <sup>1</sup>	Nil <sup>1</sup>

<sup>1</sup> There was no distribution for Z Income units and Z Accumulation units as the total amount distributable was below the de minimis.

<b>Unit price range</b>	<b>A Income units</b>		<b>A Accumulation units</b>	
Year to 31 December	Highest buying p	Lowest selling p	Highest buying p	Lowest selling p
2007	1,467.00	1,043.00	1,860.00	1,322.00
2008	1,175.00	599.70	1,491.00	764.10
2009	1,006.00	567.30	1,300.00	722.80
2010	1,308.00	868.90	1,702.00	1,120.00
2011	1,399.00	1,043.00	1,837.00	1,364.00
2012 to 30 November	1,397.00	1,088.00	1,843.00	1,424.00

	<b>Z Income units</b>		<b>Z Accumulation units</b>	
Year to 31 December	Highest buying p	Lowest selling p	Highest buying p	Lowest selling p
2007	–	–	–	–
2008	–	–	–	–
2009	–	–	–	–
2010	–	–	–	–
2011	50.91	47.38	50.91	47.38
2012 to 30 November	60.74	48.04	60.74	48.04

## Portfolio Information

	% of net assets as at 30.11.12	% of net assets as at 31.5.12
<b>Spread of investments</b>		
Oil & Gas	2.15	1.25
Basic Materials	6.92	7.03
Industrials	39.04	43.83
Consumer Goods	5.81	4.12
Health Care	10.39	9.54
Consumer Services	9.82	8.93
Telecommunications	1.29	1.40
Financials	11.45	12.38
Technology	11.11	10.66
Net other assets	2.02	0.86

	% of net assets as at 30.11.12		% of net assets as at 31.5.12
<b>Major holdings</b>			
Dart Group	3.02	Oxford Instruments	3.12
Fisher (James) & Sons	2.81	Park Group	2.76
Park Group	2.72	RPC Group	2.74
Carclo	2.69	Scapa Group	2.65
Avon Rubber	2.66	E2V Technologies	2.56
Pace	2.56	Diploma	2.47
Scapa Group	2.52	Avon Rubber	2.46
Consort Medical	2.45	Carclo	2.40
Dechra Pharmaceuticals	2.44	Domino Printing Sciences	2.31
Diploma	2.36	Dechra Pharmaceuticals	2.17



## Investment Objective & Policy

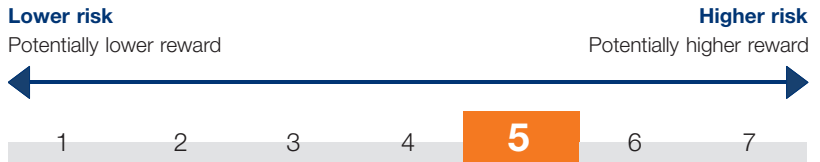
The fund's investment objective is to aim to achieve capital growth by investing in UK smaller companies. The policy is to invest in smaller companies in the UK which are expected to exhibit superior growth over the long term.

Investment will be in directly held transferable securities. The fund may also invest in collective investment schemes, warrants and money market instruments.

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## Risk Profile

### Risk and reward indicator



The risk category was calculated using historical performance data and may not be a reliable indicator of the fund's future risk profile.

The fund is in this category because it can take higher risks in search of higher rewards and its price may rise and fall accordingly.

The fund's risk category is not guaranteed to remain fixed and may change over time.

A fund in the lowest category does not mean a risk free investment.

### Specific risks

The fund invests predominantly in the securities of a particular country. There may be a greater risk than investing in funds that hold securities in a range of countries.

The fund invests in smaller companies which may be less liquid than larger companies and price swings may therefore be greater than in larger company funds.

For these reasons, the purchase of units should not normally be regarded as a short term investment.

# Report & Accounts

This document is a short report for the Schroder UK Smaller Companies Fund for the period ended 30 November 2012. The long form Report & Accounts for the fund are available on our website [www.schroders.co.uk](http://www.schroders.co.uk) or upon written request to Schroders, FREEPOST, RLTZ-CHSY-HBUT, PO Box 1102, Chelmsford, Essex CM99 2XX.

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## Other information

With effect from 31 December 2012 the initial management charge was removed for A Income units and A Accumulation units.

The information contained in this report is designed to enable unitholders to make an informed judgement on the activities of the fund during the period it covers and the results of those activities at the end of the period. For more information about the activities and performance of the fund during this and previous periods, please contact the Manager.

The Prospectus and the Key Investor Information Document are available on request or can be downloaded from our website **[www.schroders.co.uk](http://www.schroders.co.uk)**.



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For investors' security, calls to Schroder Investor Services may be recorded. **Manager:** Schroder Unit Trusts Limited, 31 Gresham Street, London, EC2V 7QA. Authorised and regulated by the Financial Services Authority. **Trustee:** J.P. Morgan Trustee and Depositary Company Limited, Chaseside, Bournemouth, BH7 7DA. Authorised and regulated by the Financial Services Authority. **Independent Auditors:** PricewaterhouseCoopers LLP, Erskine House, 68-73 Queen Street, Edinburgh EH2 4NH.

**For further literature please contact Schroder Investor Services on 0800 718 777 or at [investorservices@schroders.com](mailto:investorservices@schroders.com), or visit our website at [www.schroders.co.uk](http://www.schroders.co.uk).**



